

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR AUTHORITY TO TRANSFER)	
CONTROL OF TOUCH 1, INC. TO LDDS)	
COMMUNICATIONS, INC. AND FOR APPROVAL)	CASE NO. 94-327
TO CANCEL TOUCH 1, INC.'S CERTIFICATE)	
AND WITHDRAW ITS TARIFF)	

O R D E R

On August 30, 1994, Touch 1, Inc. ("Touch 1"), Touch 1 Long Distance, Inc. ("Touch 1 L.D."), and LDDS Communications, Inc. ("LDDS") ("the Applicants") filed an application requesting Commission authority to transfer control of Touch 1 to LDDS and to merge Touch 1 into Touch 1 L.D.. In addition, the application asked that Touch 1's Certificate of Public Convenience and Necessity be canceled and that its tariff be withdrawn.

Touch 1 is a jurisdictional provider of intrastate telecommunications services in Kentucky pursuant to authority granted in Case No. 93-161.¹ Pursuant to a management agreement, Touch 1 currently performs a full range of management and administrative services for Touch 1 L.D. including handling customer applications for service, inquiries and complaints, billing and collections services, and the initiation of service changes. Touch 1 L.D. is a wholly-owned subsidiary of LDDS,

¹ Case No. 93-161, Application Of Touch 1, Inc. For A Certificate Of Public Convenience And Necessity To Operate As A Reseller Of Telecommunications Services In The Commonwealth Of Kentucky.

authorized to provide intrastate communications service by this Commission in Case No. 92-157.² LDDS, a publicly held Georgia corporation, is authorized to provide service in Kentucky pursuant to authority originally granted to United States Transmission Systems, Inc. in Case No. 10200³ and subsequent business combinations allowed in Case No. 89-106⁴ and Case No. 93-190.⁵

The proposed transaction will transfer control of Touch 1 from its existing shareholders to LDDS pursuant to the terms of a Stock Purchase Agreement. Through an exchange of cash and shares of LDDS, Touch 1 will become a wholly-owned subsidiary of LDDS. Touch 1 will then be merged into Touch 1 L.D. and the separate existence of Touch 1 will cease. Touch 1 L.D. will continue its corporate existence under Alabama law and will be the entity providing telecommunications service in Kentucky. Upon completion of the transaction, the customer base of Touch 1 will be transferred to Touch 1 L.D. and a new entity named Touch 1 Communications ("Touch Communications"), owned and capitalized by the current owners of

² Case No. 92-157, Application Of Touch 1 Long Distance, Inc. For A Certificate Of Public Convenience And Necessity As A Reseller Of Telecommunications Services Within The Commonwealth Of Kentucky.

³ Case No. 10200, The Application Of United States Transmission Systems, Inc. For A Certificate Of Public Convenience And Necessity To Provide InterLATA Telecommunications Services Within The State Of Kentucky.

⁴ Case No. 89-106, The Application Of ITT Communications, Inc. And Metromedia Long Distance, Inc. For Approval To Acquire Control.

⁵ Case No. 93-190, Joint Application For Authority For LDDS Communications, Inc. To Merge With Metromedia Communications Corporation And Resurgens Communications Group, Inc.

Touch 1 will own the remaining assets of Touch 1 including all physical facilities and operating systems. Touch Communications will continue to provide Touch 1 L.D. with the same services after the completion of the transaction as were provided before the completion of the transaction. Upon approval of the application, the Applicants request that Touch 1's certificate be canceled and that its tariff be withdrawn. Touch 1 L.D. should adopt Touch 1's tariff or verify that adoption was unnecessary because these tariffs are already identical.

The Commission believes that the approval of the application is in the public interest. The transfer of control of Touch 1 will be transparent to its customers who will continue to receive the same quality of service which they have come to expect. Further, by providing access to LDDS's technical and financial resources, the transaction will enable both companies to enhance their service offerings and become more effective competitors in the marketplace, thereby allowing better customer service and enhancing the competitive telecommunications marketplace in Kentucky.

IT IS THEREFORE ORDERED that:

1. The transfer of Touch 1 to LDDS as proposed in this application is approved.

2. Within 10 days of the date of the completion of the proposed transaction, LDDS shall file evidence of the closing of the transaction or, in the alternative, shall notify the Commission if the proposed transfer does not occur.


3. Within 30 days of the completion of the proposed transaction, Touch 1 L.D. shall adopt Touch 1's tariff or verify that adoption is unnecessary because these tariffs are already identical.

Done at Frankfort, Kentucky, this 31st day of October, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director